

THE STUDY OF PERFORMANCE MEASUREMENT: VALIDITY OF THE BALANCE SCORECARD IN MALAYSIAN BUSINESS ENVIRONMENT

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ABSTRACT

This research is started with an inept study of secondary information on various types of performance measurement. Many references from books, journals, magazines as well as the internet were made. It was found that performance measurement is indeed a major concern both in the education industry and business industry. The current emphasis by many researchers is that non-financial performances have not been getting adequate attention from business managers. This research thus, goes about explain the importance of non-financial issues and also criticism for lying solely on financial performance measurement. It is conclude that both financial and non-financial performance measurements should be integrated to enable managers to utilize the full effect of performance measurement. Hence, the Balance Scorecard is recommended.

This research would test the validity of the Balance Scorecard by first analyzing how Malaysian managers measure their business performance. Thus a sample of 50 companies was selected randomly and each company was scored according to its preferences for measurement tool. It was found that managers in Malaysia too emphasis more on financial performance which means that they tend to weight lightly on non-financial factors.

Further evaluation was made on the result from comparing the Balance Scorecard measurement with other performance measurements. Having done this. It is concluded that adequate evidence was obtained on the validity of Balance Scorecard as a performance measurement in Malaysia.

Lastly, various recommendations are suggested based on the evaluation of data and results obtains. It is believed that these suggestions would be able to help improve performance measurement system currently implemented in Malaysian business.